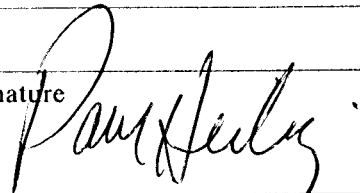


INSTRUCTIONS: Report must be submitted in duplicate to the Registration Unit, Internal Security Section, Criminal Division, Department of Justice, Washington, D.C. 20530. The original must be signed by or on behalf of the registrant. All items in this form must be answered, unless the answer is "none" or "not applicable," in which case such an entry shall be made in the appropriate space. If additional space is needed for any item, attach supplemental sheet identifying each item.

1. Name of registrant Burson-Marsteller		2. Registration No. 2469	
3. Nature of material (<i>A concise account of the nature of the propaganda material filed</i>) Letters sent and received by Degussa concerning the firm's export control practices.			
4. Title of material, if any N/A		5. Name of foreign principal on whose behalf this material was transmitted. Degussa A.G.	
6. Means of transmission Messenger	7. Dates of transmission October 30, 1992		8. Total copies transmitted 1
9. List addresses from which this material was transmitted: 1850 M Street, N.W. Suite 900 Washington, D.C. 20036		10. List states and territories of the United States to which material was transmitted: Washington, D.C.	
11. Types of recipients (<i>Give number of organizations in each group</i>) Libraries _____ Public officials <u>1</u> (Department of Commerce) Newspapers _____ Press services of associations _____ Educational institutions _____ Civic groups _____ Other (<i>specify</i>) _____		12. List names and addresses of persons or organizations receiving 100 copies or more: None 52 -3 02 51	
13. If the material transmitted was a film or radio or television script, furnish the following information: Name of station, organization, or theater using (including city and state) _____ Date or dates broadcast or shown _____ Estimated attendance (for film(s)) _____ N/A			
14. Have two copies of this material been filed with the Department of Justice? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>			
15. Has this material been labeled as required by the act? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>			
Date of report November 3, 1992	Name and title Paul Heilig Vice President		Signature 

92 ACT-5 412-51

RECEIVED
U.S. DEPARTMENT OF JUSTICE
FEB 10 1951

This material is circulated by Burson Marsteller, which is registered under the Foreign Agents Registration Act as an agent for Degussa A.G., P.O. Box 110533 Weissfrauenstrasse 9, D6000 Frankfurt II, Germany. This material is filed with the Department of Justice where the required registration statement is available for public inspection. Registration does not indicate approval of the contents of this material by the U.S. Government.

DR. HORST HEIDSIECK
VORSITZENDER DES VORSTANDES
LEYBOLD AG · HANAU

Ms. Joan McEntee
Assistant Secretary of Commerce
for Export Administration
Department of Commerce
14th & Constitution Avenue
Washington, D.C. 20230, USA

Hanau, October 27, 1992

Dear Ms. McEntee,

As an adjunct to my letter of September 23, 1992, I wanted to provide you with additional information about the implementation of our "Corporate Principles Governing Internal Export Controls on Nuclear Non-Proliferation".

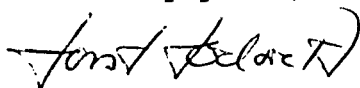
My recent letter described our action with regard to a pre-existing situation with the Nuclear Fuel Complex in India. Attached to this letter is an exchange of correspondence with the Soreq Nuclear Research Center in Israel, wherein we notified them of our inability to continue supplying them with spare parts. As indicated in their response, this is a long-standing client with whom we could still legally transact business were it not for our principles.

Although these are notable examples, they are not isolated incidents. By our rough estimation, Leybold has foregone approximately \$ 3,400,000 of our business from approximately 70 customers because of decisions based on our principles. Furthermore, there are numerous examples where our controls have caused us to terminate discussions with potential customers while still in the initial inquiry stage.

These were all legal transactions that have been foregone. This has required a significant transition within the company which has not been easy. Despite an effusion of negative press, filled with unfounded accusations, we are proud of what we have accomplished and are committed to continue with these policies. As I explained in my previous letter, we still need the help of governments to identify unreliable users and to help establish and maintain a workable system of non-proliferation control throughout the world.

If you have any questions regarding these matters, please let me know.

Sincerely yours,


Dr. Horst Heidsieck

Encl.

Vakuumentchnik

Vakuum-
Verfahrenstechnik

Meß- und
Analysetechnik



LEYBOLD AG

Ein Unternehmen der Degussa

LEYBOLD AG Postfach 15 55 Wilhelm-Rohn-Straße 25 D-6450 Hanau 1

Mrs.
Michal Herman
- Foreign Purchasing Manager -
Soreq Nuclear Research Center
Israel Atomic Energy Commission
Yavne 70600

Ihr Zeichen

Ihre Nachricht vom

Tele-Durchwahl (06181) 34- 15 66

Unser Zeichen
(Bitte stets angeben)

Datum

ISRAEL

07.10.1992

Re.: MAMAG SOREQ ON 379/1817/0708
Heating elements for thermometers

Dear Mrs. Herman,

This is a response to your letter to Leybold of 9th of Sept. 1992 regarding your order for heating elements for thermometers.

Unfortunately, and to our regret, we have to inform you of our inability to continue supplying you with the spare parts ordered for Soreq Nuclear Research Center.

In view of our good and longlasting relationship, we very much regret having had to make this decision. It is based, however, on very compelling reasons. Let us please explain.

Firstly, some Leybold transactions with certain countries are presently under investigation by German and U.S. authorities. To the best of our knowledge, Leybold has complied fully with all applicable laws in existence at the time at which these transactions took place. In the meantime, however, these export control laws, both in Germany and the U.S.A have been tightened considerably - in particular, with respect to the export of dual-use items, technology and related services to countries which have not become signatories to the Non-Proliferation Treaty on Nuclear Weapons.

Secondly, stories continue to appear in the international media alleging that Leybold was involved with illicit exports of nuclear related technology and services to the above mentioned countries.

Needless to say, such media reports, which are based on innuendo and false information, have not only tainted our good reputation, they have also resulted in a considerable loss of business. We herewith enclose for your information sample excerpts from the publications of Mr. Kenneth R. Timmerman, Marianne F. Gasior, Leonhard S. Spector and other authors. These reports contain a concoction of rumours, distorted facts and ill-founded allegations which seem to serve the sole

.../2

LEYBOLD
AKTIENGESellschaft
Sitz der Gesellschaft: Hanau
Amtsgericht: Hanau
HRB-Nr. 3656

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Telefax (06181) 34-16 90
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Vorsitzender
des Aufsichtsrates:
Dr. Robert Ehrh

Vorstand:
Dr. Horst Heidsieck (Vorsitzender)
Thomas Geirner
Hans-Jochen Kahl
Dr. Joachim Manke
Jens Reuter

Vakuumtechnik

Vakuum-
Verfahrenstechnik

Meß- und
Analysestechnik



LEYBOLD AG
Ein Unternehmen der Degussa

- 2 -

purpose of singling out Leybold as a scapegoat for a failed policy of the West to stop proliferation to Third-World Countries. Unfortunately, these published "reports" are also being circulated to our customers. We deplore this as an unfair business practice.

Thirdly, the experience gained in the last few years has demonstrated to the new Leybold management which was appointed two years ago, the need to be more aware of the non-proliferation of sensitive technology and equipment to countries that have not signed the Non-Proliferation Treaty on Nuclear Weapons and/or have not accepted the full-scope safeguards of the International Atomic Energy Agency.

Leybold's corporate principles on export controls are in no way directed against the Government of Israel. As a German-based company, Leybold is fully aware of its special corporate responsibility towards Israel and its people. Our new non-proliferation policy, however, must be applied to all countries alike that have not signed the Non-Proliferation Treaty on Nuclear Weapons and the respective full-scope safeguards of the IAEA.

In this regard, the Leybold's new management has undertaken a substantial export compliance initiative, as exemplified by our Corporate Principles on Export Controls, a copy of which we attach for your information. The company has assumed responsibility for proactively addressing the issue of the non-proliferation of sensitive technology.

In view of the above-stated reasons, we have, over the last six months, turned down many requests for quotation for new equipment as well as orders for spare-parts needed for previously supplied equipment of certain customers in countries which have not become signatories of the Non-Proliferation Treaty / or have not accepted the full scope safeguards of the IAEA. Thus, we see no other possibility but also to refrain from accepting your order for the said spare parts.

We trust that you will understand our position in light of the given circumstances and remain,

yours faithfully
Leybold AG

Dr. Manke

Member of the
Executive Board

ppa. Dr. Herkert

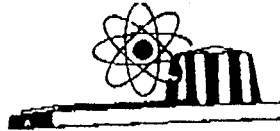
Head of Export Control Department

Enclosures

מדינת ישראל
GOVERNMENT OF ISRAEL

Dulage (2) 1(2)

SOREQ NUCLEAR RESEARCH CENTER
ISRAEL ATOMIC ENERGY COMMISSION



המרכז למחקר גרעיני נחל-שורק
הועדה לאנרגיה אטומית

Supply Department

September 9th, 92
AP - 21 - 282
Fax: 0049-221-3471250

To: Messrs. Leybold AG
Bonner Str. 498
D-500 Cologne 51
Germany

Re: Our P.O. 379/1817/070-8

Your announcement about no permission was granted to deliver our order, was astonished us.

Since we are Leybold's client for over 20 years, we have in our Institute about 100 Leybold's pumps.

Untill now we have been able to maintain operation with our stock of spare-parts including heating elements and thermostats.

Today, we are unable to obtain compatiabile heating elements from another source but Leybold.

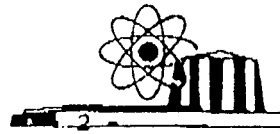
We urgently ask for the equipments, or else, some of our pumps may come to an abrupt and permanent end.

You probably agree with us that replacing the pumps, would be too expensive.

YAVNE 70800 • TELEX: 381455 • TELEFAX: 08-437364 • TEL: 08-434211 • טלפון: 08-434211 • דאר יבנה 70800

מדינת ישראל
GOVERNMENT OF ISRAEL

SOREQ NUCLEAR RESEARCH CENTER
ISRAEL ATOMIC ENERGY COMMISSION



רכז למחקר גרעיני נחל יסורק
ידה לאנרגיה אטומית

Please reply immediately, in order to minimise the possibility of
our work coming to an unfortunate stop.

Thank you for your cooperation

Your's sincerely
Michal
Mrs. Michal Herman
Foreign Purchasing Manager.

CC/N. Weisselberg - Israel.